

Message Text

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ACTION EA-10

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TO SECSTATE WASHDC 5860

INFO AMEMBASSY WELLINGTON

AMCONSUL MELBOURNE

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CINCPAC

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SUBJ: FRESH RUMORS OF CABINET RESHUFFLE AND NEW PREDICTIONS
OF NATIONAL ELECTIONS

1. SUMMARY: AUSTRALIAN PRESS PROMINENTLY REPORTS MAY 30
THAT MINISTER FOR DEFENSE BARNARD WILL SHORTLY RESIGN FROM
CABINET AND PARLIAMENT AND ACCEPT AMBASSADORSHIP ABROAD.
DECISION ANTICIPATED IN NEXT WEEK OR SO. IF BARNARD RESIGNS
AS EXPECTED, HE IS EXPECTED TO BE REPLACED BY MINISTER FOR
SCIENCE MORRISON, BUT THERE MAY BE MORE GENERAL RESHUFFLE
OF CABINET AS WELL. RESIGNATION OF BARNARD FROM PARLIAMENT WILL
PROVOKE A BY-ELECTION UNDER CIRCUMSTANCES UNFAVORABLE TO LABOR.
LABOR GOVERNMENT IS TEMPTED TO CALL ELECTIONS FOR HALF OF
SENATE IN LATE NOV OR EARLY DEC, IN THE HOPE OF GAINING
EFFECTIVE CONTROL OF UPPER HOUSE AND SO REMOVING ROADBLOCKS
TO KEY PORTIONS OF ITS LEGISLATIVE PROGRAM. STAGE CONTIN-
UES TO BE SET FOR DOUBLE DISSOLUTION OF PARLIAMENT, AS 25
BILLS HAVE NOW BEEN PASSED TWICE BY HOUSE AND REJECTED TWICE
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BY SENATE. OVERALL SITUATION PRESENTS LABOR GOVERNMENT WITH

DIFFICULT CHOICE BETWEEN RISKING ITS FUTURE ON NATIONAL ELECTIONS UNDER UNFAVORABLE CIRCUMSTANCES OR ACCEPTING CONTINUED BLOCKAGE OF PART OF ITS LEGISLATIVE PROGRAM. U.S. INTERESTS ARE ONLY INDIRECTLY AFFECTED IN THIS SITUATION.
END SUMMARY.

2. AUSTRALIAN PRESS MAY 30 PROMINENTLY REPORTS IMMINENT RESIGNATION OF MINISTER FOR DEFENSE BARNARD, RETIREMENT FROM PARLIAMENT AND NOMINATION AS AUSTRALIAN AMBASSADOR, PROBABLY IN SCANDINAVIA. RETIREMENT OF BARNARD FROM CABINET WILL RESULT IN SOME RESHUFFLING OF PORTFOLIOS AND COULD LEAD TO MAJOR RE-ARRANGEMENT. MOST SPECULATION IS THAT BARNARD WILL SHORTLY RETIRE FROM CABINET, BEING REPLACED AS MINISTER FOR DEFENSE BY MR. WILLIAM MORRISON (NOW MINISTER FOR SCIENCE AND ALSO MINISTER ASSISTING THE MINISTER FOR DEFENSE). DECISION ON BARNARD'S FUTURE EXPECTED IN NEXT WEEK OR SO.

3. IF BARNARD ALSO RESIGNS SHORTLY FROM PARLIAMENT AND TAKES AMBASSADORSHIP ABROAD, BY-ELECTION IN HIS PRESENT SEAT OF BASS (LAUNCESTON AREA OF NORTHERN TASMANIA) WILL BE REQUIRED, PRESUMABLY WITHIN TWO MONTHS OR SO. MORGAN GALLUP POLL PUBLISHED IN BULLETIN MAY 28, BASED ON NATIONWIDE SAMPLE OF 2000 TAKEN MAY 10 AND 17, SHOWED LIBERAL-COUNTRY PARTIES WITH 53PCT OF VOTE, AS OPPOSED TO LABOR WITH 40 PCT OF VOTE. MORGAN GALLUP POLL, NORMALLY MOST RELIABLE IN AUSTRALIA, HAS SHOWN FLUCTUATIONS OF UP TO 5 PCT OVER PERIODS OF TWO MONTHS, SUGGESTING EITHER A HIGHLY VOLITILE ELECTORATE ORU UNEXPECTED STRUCTURAL ERRORS IN THE POLLING SAMPLE. BY-ELECTION IN BASS WOULD BE POTENTIALLY SIGNIFICANT TEST FOR LABOR GOVERNMENT, AS IT IS TRADITIONALLY SAFE ALP SEAT, WHICH BARNARD WON WITH 54PCT OF VOTE IN 1974. BARNARD IS EXPECTED TO RECOMMEND THAT ELECTORS VOTE FOR HIS NEPHEW, MICHAEL BARNARD, BUT LIBERALS HAVE AS A CANDIDATE A VIGOROUS, RECENTLY-RETIRED ARMY OFFICER, COL. KEVIN NEWMAN, WHO WILL PROVIDE FORMIDABLE OPPOSITION TO LABOR. HOWEVER, ALTHOUGH THE LOSS OF BASS BY LABOR WOULD BE EMBARRASSING, IT WOULD NOT BRING DOWN THE GOVERNMENT, THOUGH IT WOULD DANGEROUSLY REDUCE ITS OVERALL MAJORITY AND MIGHT ENCOURAGE THE OPPOSITION TO PRESS FOR NATIONAL ELECTIONS.

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4. AGAINST THIS BACKGROUND OF POSSIBLE CHANGES IN CABINET AND A TASMANIAN BY-ELECTION IS RENEWED SPECULATION THAT ELECTIONS FOR HALF OF SENATE MAY BE SCHEDULED FOR LATE NOVEMBER OR EARLY DECEMBER, 1975. ELECTIONS MUST BE HELD PRIOR TO JUNE 30, 1976, BUT CAN BE HELD AT ANY TIME AFTER JULY 1, 1975. UNUSUAL AND INTERESTING FEATURE OF QTE HALF-SENATE END QTE ELECTIONS, AS THEY ARE CALLED, IS FACT THAT IN ADDITION TO THE

ELECTION OF 30 OF THE 60 MEMBERS OF THE SENATE, TWO SENATORS WILL BE ELECTED EACH FROM AUSTRALIAN CAPITAL TERRITORY AND NORTHERN TERRITORY. SENATE ELECTIONS ARE CONDUCTED ON BASIS OF PROPORTIONAL REPRESENTATION, WHICH USUALLY ENSURES THAT LABOR AND NON-LABOR PARTIES EACH GET TWO OF FIVE SENATE SEATS UP FOR ELECTION IN ANY GIVEN STATE, WITH FIFTH SEAT GOING EITHER TO MAJOR PARTY, WHEN THERE IS A SIGNIFICANT SWING IN ITS DIRECTION, OR TO AN INDEPENDENT. IN CASE OF NORTHERN TERRITORY, USUAL SPLIT EXPECTED BETWEEN LABOR AND NON-LABOR IN SENATE ELECTIONS THERE. IN AUSTRALIAN CAPITAL TERRITORY, ANNOUNCEMENT MAY 23 THAT FORMER PRIME MINISTER JOHN GORTON WILL RUN AS INDEPENDENT IN ACT SENATE ELECTIONS OPENS POSSIBILITY THAT LABOR WILL WIN ONE SEAT, WHILE OTHER SEAT MAY BE WON BY GORTON. FOR HIS PART, GORTON HAS MADE CLEAR HE SUPPORTS ELECTORAL RE-DISTRIBUTION BILLS NOW UP BEFORE PARLIAMENT. THOUGH GORTON IS BY NO MEANS SYMPATHETIC TO MANY LABOR GOVERNMENT PROPOSALS, HIS SUPPORT AS SENATOR FOR ELECTORAL RE-DISTRIBUTION BILLS MIGHT ENSURE THEIR PASSAGE THROUGH PARLIAMENT, PERHAPS EARLY IN 1976. GORTON PROBABLY HAS CONSIDERABLE CHANCE OF ELECTION TO THE SENATE FOR THE ACT, ALTHOUGH POSSIBLE LABOR LOSSES IN SOME OF STATES MAY CANCEL OUT HIS IMPACT ON THE POLITICAL SCENE.

5. FINALLY THE LABOR GOVERNMENT CONTINUES TO PILE UP BILLS WHICH HAVE BEEN PASSED TWICE BY HOUSE AND REJECTED TWICE BY SENATE AND WHICH COULD THEREFORE BE GROUNDS FOR DOUBLE DISSOLUTION OF BOTH HOUSES OF PARLIAMENT. GROUNDS FOR SUCH DOUBLE DISSOLUTION WERE ESTABLISHED IN JANUARY, 1975, AND THERE ARE NOW 25 BILLS THAT HAVE COMPLETED THE CONSTITUTIONAL REQUIREMENTS THAT LEAD TO DOUBLE DISSOLUTION. IF LABOR GOVERNMENT DECIDES TO TRY ITS LUCK AT POLLS, DESPITE PRESENTLY DISCOURAGING PORTENTS, NATIONAL ELECTIONS COULD BE HELD TOWARDS THE END OF YEAR. NATIONAL ELECTIONS, IN LIMITED OFFICIAL USE

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TURN, WOULD INEVITABLY AFFECT GOVERNMENT'S BUDGET STRATEGY IN BUDGET FOR FISCAL YEAR 1976 SCHEDULED TO BE BROUGHT DOWN IN AUGUST.

6. COMMENT: ALTHOUGH THE IMMEDIATE PRESSURE FOR NATIONAL ELECTIONS LESSENED SOMEWHAT WITH CHANGE IN OPPOSITION LEADERSHIP IN MARHC, THE OVERALL POLITICAL SITUATION CONTINUES TO PRESENT THE LABOR GOVERNMENT WITH A VERY DIFFICULT CHOICE, BETWEEN RISKING ITS FUTURE ON NATIONAL ELECTIONS UNDER UNFAVORABLE CIRCUMSTANCES OR ACCEPTING A CONTINUATION OF THE PRESENT SITUATION, WHERE A SIGNIFICANT PORTION OF ITS LEGISLATIVE PROGRAM CANNOT BE ENACTED INTO LAW. THE PROGRESS OF THE AUSTRALIAN ECONOMY OVER THE NEXT FEW MONTHS WILL PROBABLY HAVE CONSIDERABLE IMPACT ON THE DECISION WHETHER TO PRESS FOR NATIONAL ELECTIONS BEFORE THE END OF 1975.

7. U.S. INTERESTS ARE ONLY INDIRECTLY AFFECTED IN THIS COMPLEX
AND RAPIDLY-CHANGING POLITICAL SITUATION.
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